THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Resources Logic Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

China Resources Logic Limited

華潤勵致有限公司*

(incorporated in Bermuda with limited liability)

PROPOSED SHARE PREMIUM REDUCTION AND APPLICATION OF CONTRIBUTED SURPLUS

A letter from the Board is set out on pages 2 to 4 of this circular. A notice convening a special general meeting of China Resources Logic Limited to be held at 4:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened at the same place and date at 4:00 p.m.) on Monday, 27th May, 2002 at 50/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 5 to 6 of this Circular.

Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

* *for identification purposes only*

3rd May, 2002

	2002
Latest time for lodging forms of proxy for the SGM	4:15 p.m. on Saturday, 25th May
SGM	4:15 p.m. on Monday, 27th May
Share Premium Reduction becoming effective	Tuesday, 28th May

CONTENTS

Page

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

"Application of Contributed Surplus"	the proposed application of the Company's contributed surplus to partially set off against the Company's accumulated losses referred to in the section headed "Application of Contributed Surplus"
"Board"	the board of Directors
"Company"	China Resources Logic Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Directors"	the directors of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Latest Practicable Date"	30th April, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SGM"	the special general meeting of the Company to be held to consider and if appropriate, approve, *inter alia*, the Share Premium Reduction and the Application of Contributed Surplus
"Share Premium Reduction"	the proposed reduction of the Company's share premium referred to in the section headed "Share Premium Reduction"
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

China Resources Logic Limited
華潤勵致有限公司*
(incorporated in Bermuda with limited liability)

Board of Directors:
SONG Lin *(Chairman)*
CHEN Lang *(Deputy Chairman and Chief Executive Officer)*
ONG Thiam Kin
ZHU Jinkun
DAI Zhenhua
YU Min
NING Gaoning*
KO Ping Keung*
WONG Tak Shing**
LUK Chi Cheong**

* *Non-executive Director*
** *Independent non-executive Director*

Registered Office:
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Head Office and Principal Place of Business:
Room 4001–6, China Resources Building
26 Harbour Road
Wanchai
Hong Kong

3rd May, 2002

To the Shareholders and for information only,
holders of share options of the Company

PROPOSED SHARE PREMIUM REDUCTION AND APPLICATION OF CONTRIBUTED SURPLUS

INTRODUCTION

The Directors announced on 25th April, 2002 that they propose the Company undergoes the Share Premium Reduction and the Application of Contributed Surplus.

The purpose of this circular is to give you further information regarding the Share Premium Reduction and the Application of Contributed Surplus and to give notice of the SGM to be convened for the purpose of approving the necessary special resolutions to implement the Share Premium Reduction and the Application of Contributed Surplus.

SHARE PREMIUM REDUCTION

The Directors propose that the share premium account of the Company be reduced by HK$534,369,058 and the credit arising therefrom be used to set off against a portion of the accumulated losses of the Company. As at 31st December, 2001, the share premium account and accumulated losses of the Company amounted to HK$534,369,058 and HK$589,929,000 respectively.

* *for identification purposes only*

APPLICATION OF CONTRIBUTED SURPLUS

The Directors further propose that an amount of HK$55,559,942 from the Company's contributed surplus account be applied to partially set off against the balance of the Company's accumulated losses. As at 31st December 2001, the Company's contributed surplus account amounted to HK$144,729,394. After the proposed set off, the Company's contributed surplus account will amount to HK$89,169,452.

Reasons for the Share Premium Reduction and Application of Contributed Surplus

The Company's audited financial statements as at 31st December, 2001 showed that the Company had accumulated losses of HK$589,929,000. The Company is not permitted to pay dividends on its shares while there are accumulated losses. The Directors propose the Share Premium Reduction and Application of Contributed Surplus to partially set off against accumulated losses of the Company. As a result, the Company would have no accumulated loss as at 31st December, 2001 and would be able to declare and pay dividends from its retained earnings available for distribution at an earlier opportunity in the future. The Company has no immediate intention to declare and pay dividends.

Conditions of the Share Premium Reduction and Application of Contributed Surplus

The Share Premium Reduction is conditional on, inter alia, the passing by the Shareholders at the SGM of a special resolution approving the Share Premium Reduction. The Application of Contributed Surplus is conditional upon, inter alia, (i) the passing of the aforementioned special resolution approving the Share Premium Reduction, and (ii) the passing by the Shareholders at the SGM of a special resolution approving the Application of Contributed Surplus.

SGM

Set out in this circular is a notice convening the SGM which will be held at 4:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened at the same place and date at 4:00 p.m.) on Monday, 27th May, 2002 at 50/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, at which special resolutions will be proposed to approve the Share Premium Reduction and the Application of Contributed Surplus.

The form of proxy for use at the SGM is enclosed with this circular, whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjournment thereof should you so desire.

RECOMMENDATIONS

The Directors believe that the Share Premium Reduction and the Application of Contributed Surplus are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote for the special resolutions to approve the Share Premium Reduction and the Application of Contributed Surplus.

DIRECTORS' RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of the Board
CHEN Lang
Deputy Chairman
and
Chief Executive Officer

China Resources Logic Limited
華潤勵致有限公司*

(incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of China Resources Logic Limited (the "Company") will be held at 4:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened at the same place and date at 4:00 p.m.) on Monday, 27th May, 2002 at 50/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolutions as special resolutions:

SPECIAL RESOLUTIONS

1. (a) "**THAT** with effect from the business day immediately following the date on which this resolution is duly passed (the "**Effective Date**"), the share premium account of the Company be reduced by the amount of HK$534,369,058 and the Directors be and are hereby authorised to use the said amount to set off against a portion of the accumulated losses of the Company (the "**Share Premium Reduction**");

   (b) **THAT** the directors of the Company be and are hereby irrevocably and unconditionally authorised to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any additional document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Share Premium Reduction."

2. (a) "**THAT** with effect from the business day immediately following the date on which this resolution is duly passed and subject to the passing of the special resolution No. 1 set out in the notice convening the special general meeting at which this resolution is proposed, the Directors be and are hereby authorised to use the amount of HK$55,559,942 from the Company's contributed surplus account to partially set off against the balance of the Company's accumulated losses (the "**Application of Contributed Surplus**");

   (b) **THAT** the directors of the Company be and are hereby irrevocably and unconditionally authorised to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any additional document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Application of Contributed Surplus."

By order of the Board
Lee Yip Wah, Peter
Company Secretary

Hong Kong, 3rd May, 2002

* *for identification purposes only*

Registered Office:
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Head Office and Principal
Place of Business:
Room 4001–6, China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

(1) Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) Where there are joint holders of any shares, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, then the joint holder whose name stands first on the register of members of the Company in respect of such shares shall (personally or by his proxy) alone be entitled to vote in respect hereof.

(3) In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at Room 4001–06, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.

(4) A form of proxy for use at the meeting is enclosed.